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BULLETIN

TO: All Licensed Insurance Companies Doing Business in this State

FROM: Leslie A. Newman, Commissioner
Department of Commerce and Insurance *Leslie A. Newman*

RE: **Admissibility of Tax Credits Issued Pursuant to the Tennessee Small Business Investment Company Credit Act**

DATE: August 7, 2009

The purpose of this Bulletin is to address the treatment of premium tax credits ("Tax Credits") held by insurance companies under The Tennessee Small Business Investment Company Credit Act ("Act"), 2009 Pub. Ch. 610. We have received questions from interested parties as to whether the Tax Credits purchased by insurance companies under the Act will be recognized by the Department as admitted assets on insurance company financial statements. Subject to the provisions set forth below, the Department has decided to approve the admissibility of such Tax Credits pursuant to Tenn. Code Ann. § 56-3-303(a)(10) and Tenn. Code Ann. § 56-3-402(10). Such approval is based on the Department of Revenue's assurances that the Tax Credits meet the requirements found for transferrable state tax credits in SSAP 94. The approval is further based upon the fact that the Tax Credits will be backed by the full faith and credit of the State of Tennessee and the Tax Credits will not be subject to recapture at any point prior to the final tax year in which the Tax Credits may be claimed.

Insurance companies that wish to admit Tax Credits pursuant to this approval shall do so consistent with SSAP 94. Companies should further be aware of the Department's position that the Act only makes such credits available to companies that pay premium taxes pursuant to Tenn. Code Ann. § 56-4-205.

Approval given under this Bulletin is strictly limited to transferrable state tax credits issued pursuant to The Tennessee Small Business Investment Company Credit Act, 2009 Pub. Ch. 610. This Bulletin should not be construed to apply to any other investments, including transferrable state tax credits, not expressly addressed in this Bulletin.

Any questions about the positions set forth in or the intent of this Bulletin should be directed to the Insurance Division, Fourth Floor, Davy Crockett Tower, 500 James Robertson Parkway, Nashville, Tennessee, 37243, and/or telephone number 1-800-342-4029.

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